

July 1934 FSTC Correspondence

Mobile, Alabama,  
July 5th, 1934.

Hon. J. Chandler Burton,  
State Counsel,  
Home Owners' Loan Corp.,  
Birmingham, Alabama.

Dear Mr. Burton:-

Re: App. No. 1-C-977,  
Ralph H. Young,  
App. No. 1-C-1020,  
Charlotte G. Schowalter.

For many years I was the attorney for Mrs. Tatum, who owned much of the land now belonging to the Fairhope Single Tax Corporation, located in the Town of Fairhope. Extending from the Bay, more than a mile eastward were two large gullies about a mile apart, and by putting a fence near the east end of such gullies, a mile square could be thus easily enclosed. During the Civil War the Stapleton brothers, butchers, got permission from Mrs. Tatum to use this ground as a pasture, and after many years commenced suits against her tenant thereon, claiming that they had obtained title by long adverse possession, the reason for suing the tenant being that he was a negro, and they wrongly calculated a white jury would decide in their favor. I finally quieted the title of Mrs. Tatum, and enjoined them from pestering her further.

In this way I was brought in contact with the members of the Fairhope Industrial Association, organized in Des Moines, Iowa, in 1894, with a constitution practically the same as that of the Fairhope Single Tax Corporation, and was its attorney until merged into the Fairhope Single Tax Corporation, and have continued as such to the present time, though without retainer. In 1903 I prepared and secured the passage of the act, and subsequently attended to the incorporation of the Fairhope Single Tax Corporation. These facts are mentioned to show my intimate knowledge of the affairs of the Colony and its titles.

Among the early occasions when I was consulted in regard to construction of its constitution concerning land matters, I advised it was lawful to donate a site for a railroad station and right-of-way for the track; that a school site might be given, and exchange of land made with Mrs. Tatum, which was advantageous to the



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Colony. None of these actions have ever been questioned in Court, though, as might be expected, there were some members of the Colony opposed.

In 1915 the constitutionality of the act and the feasibility of the plan was questioned, and decided adversely to the Fairhope Single Tax Corporation by the Chancellor, who was reversed by our Supreme Court in a very interesting decision, because of the novelty of the case reported in Fairhope Single Tax Corporation vs. Melville, 69 So., 466; 193 Ala., 289.

In 1931 I advised the turning over the parks to the Town, thereby saving a large amount in taxes and assessments, as this comprised more than a mile of bay front and other beautiful sites worth a large sum. Certain parties actuated, it is supposed, by the same motives as in the Melville suit, filed a suit in equity to set aside this transfer, alleging that as members of the Corporation they had an equity in this property which would be lost. A decision was rendered in favor of the Corporation sustaining this action, and no appeal taken therefrom.

The Corporation built an eighteen hundred foot wharf and landing pier for boats, which became a burden when the building of a bridge from Mobile to Baldwin County practically destroyed the tremendous volume of business done over such wharf, and in addition the Corporation was subjected to several suits by people injured on the wharf, or in connection with the bathing facilities thereto attached, and on my advice this was also turned over to the Town, not without objection, but such action has been acquiesced in.

In the beginning, about twenty members started this experiment in said pasture, then covered with forest, and with only the hut of the negro, before mentioned, therein. Though full of enthusiasm, few, if any, probably envisioned that in a few years there would spring up a thriving community far outstripping others on the bay that had already existed for fifty years or more, and that a municipality a mile and a half square would at this time there exist. Hence in framing its constitution it contemplated that all public utilities would be owned by the Corporation, and provided a telephone system, waterworks, and power plant, but quite recently all of these, except the telephone, have been absorbed by the municipality, and the Southern Bell Telephone & Telegraph Company allowed to take care of that business, all upon the theory that such instrumentalities would be better able to serve, and it was for the common good.



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In 1927 it became desirable for some tenants to procure loans, and to meet this situation I prepared a resolution, a copy of which is herewith enclosed, which was adopted by the Executive Council on April 18th., 1927, which has been deemed satisfactory by banks making such loans, including the Federal Land Bank and the Federal Reserve Bank in discounting papers taken in connection with such loans.

I am also enclosing copy of the Constitution of the Fairhope Single Tax Corporation, showing Amendment of Article 14, and of new lease and application therefor drawn in accordance therewith; likewise copy of the Baltimore lease. I am informed that the Home Owners' Loan Act as originally introduced, was amended especially to take care of the Baltimore leases and similar ones in New York and Boston, just as it has been recently amended for the specific purpose of enabling the tenants of the Fairhope Single Tax Corporation to qualify. I am also told that many loans have been made in such cases, hence I do not see why we should hesitate to lend on lands leased from the Fairhope Single Tax Corporation on a much more liberal plan.

The Baltimore lease was framed in the interest of the landlord, whose sole purpose is to profit thereby, while the other lease is intended for the benefit of the tenant, with not one dollar of profit to the Fairhope Single Tax Corporation. Under the Baltimore lease the tenant must pay all taxes, assessments, etc., which are all paid for the tenant under the Colony plan, and any surplus expended for their benefit.. For example, though not obliged to prior to the Amendment mentioned and the new form of lease, the Fairhope Single Tax Corporation was not obligated to pay Town taxes, but has not only voluntarily done this, but likewise poll taxes, with the result that it has a larger percentage of qualified voters than any other precinct in the County, or probably in the State of Alabama.

Under the theory that there should be no tax on industry, Fairhope is probably the only Town in the State of Alabama, if not in the United States, in which no license taxes are levied. As a result of its policies, it is not profitable to take a lease on more than the tenant will use, as speculation is not countenanced, and prevented as far as possible. Consequently the business section is closely built, no vacant stores or dwellings that I was able to see on my tour of inspection July 4th, when I met Mr. Beebe in Fairhope for conference with the Executive Council. At such meeting Mr. Beebe's letter of the 3rd inst, herewith, was fully discussed and concurred in, such Executive Council expressing a willingness to do



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anything it could to facilitate the procurement of these loans.

In the meeting room was displayed maps of the municipality, on which there was marked on each block or portions thereof, where there was a variation in values, the amount of the rental value of same, which plat was prepared some years ago on the Somers system, in conference with the lessees, and such rates as stated by Mr. Beebe have remained fairly stable, no changes being made except for good reasons. For example, when this map was made the postoffice was on a side street, and subsequently moved to the main thoroughfare, leading from the wharf through the Town, and over which the buses, which have supplanted water transportation for passengers, operates. When this change was made business property adjoining the postoffice became much less desirable, and the rent was correspondingly reduced. In short, during the long period of years I have advised those in control of this Colony, it has steadfastly adhered to the policy of fair dealing, and equal treatment to all of its tenants, with special privileges to none.

Mr. Beebe has answered categorically all of the questions of Mr. Walker, after discussion and agreement between us, and I feel that I need only add that there is no need for any further change in the constitution or charter of the Fairhope Single Tax Corporation; that should any tenant desire to surrender his lease, there would be no trouble in finding a successor, and considering the unusual character of these leases this is not likely to occur.

The members of this Colony point with pride to the fact that on roads leading out of Fairhope, bordered on one side by lands privately owned and Colony land on the other, the privately owned lands are unimproved, while on the other side are homes, farms and orchards. The farm lands are leased for reasonable sums on an acreage basis, based upon its location and other elements of value. Such members and tenants are for the most part from the middle West, and are industrious and economical.

One of the fundamental theories is that progress shall not be penalized, and the tenant encouraged to improve his property and allowed the full benefit thereof, but that the unearned increment must be devoted to the common good. For example, a pasture costing \$1.50 to \$3.00 an acre has developed into a thriving Town, whereby values have increased enormously, not because of the efforts of one man, but many, and such increase should not go to the enrichment of a few, but for the benefit of all.

Yours truly,

JHW/k.  
Encl.

J. H. WEBB,  
District Counsel.



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## United States Senate

COMMITTEE ON INTERSTATE COMMERCE

225 Federal Bldg.,  
Birmingham, Ala.,  
July 10, 1934.

Mr. E. B. Gaston,  
Fairhope, Ala.

My dear Mr. Gaston:

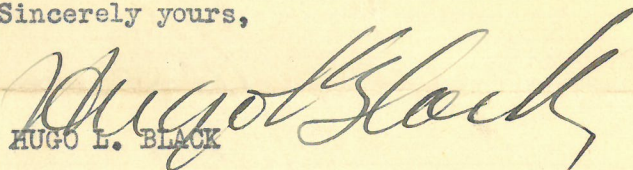
Your letter of July 3rd was in my office upon my return from Mobile.

While I was in Mobile, I had the pleasure of talking with Mr. Chandler Burton, Chief Counsel for the Home Owners' Loan Corporation, and Mr. Webb of the Mobile Branch. Both of these gentlemen informed me that they were doing everything possible to put through the Fairhope loan. You can rest assured that if there is anything further that I can do, it will be done.

Mr. Webb seems to be very hopeful that the newest objections raised by the Counsel for the Bank in Washington, would be overcome. At any rate, you may depend upon my continued cooperation.

Hoping that I shall soon have the pleasure of seeing you, and with kind regards, I am

Sincerely yours,

  
HUGO L. BLACK



COPY

Birmingham, Alabama,  
July 13, 1934.

Hon. J. H. Webb, District Counsel  
Home Owners' Loan Corporation  
Mobile, Alabama

Dear Mr. Webb:

Re: Fairhope Loans.

I have written Mr. Wallace H. Walker, Washington, D. C., with reference to applications for loans which have been filed from Fairhope which involve the Fairhope Single Tax Corporation title, forwarding to him copy of your letter and of the letter of Mr. Beebe, together with copy of the constitution, application, lease form, and form of assent which were furnished to me.

I advised Mr. Walker that in my judgment these loans should be made and that so far as the State Office is concerned they have been approved. We hope that within the near future we can make loans at Fairhope.

On June 29 I forwarded to you a letter received by the writer from Mr. Wallace H. Walker, I will appreciate it if you will return that letter to me.

Yours very truly,

J. CHANDLER BURTON,  
State Counsel.



July 14, 1934.

Hon. Hugo Black,  
225 Federal Building,  
Birmingham, Ala.

Dear Senator Black:-

Yours of July 10th, was received and fully appreciated, I assure you.

Mr. Webb and Mr. Beebe have given us copies of their letters and opinions laid before Mr. Burton, Alabama Counsel of the HCLC, to whom Mr. Wallace H. Walker, Senior Counsel at Washington, has referred the matter for his opinion and we are much in hopes that in a few days a favorable decision will be reached.

Whether this happy consummation is reached or not, we all feel that you and Congressman Hull did everything you could and are deeply grateful.

Hoping to see you ere long here,

Yours most sincerely,

---

Secretary and personally



HOME OWNERS' LOAN CORPORATION  
WASHINGTON

ALABAMA, AGENCY

E. H. WRENN, JR.  
STATE MANAGER

BIRMINGHAM, ALABAMA

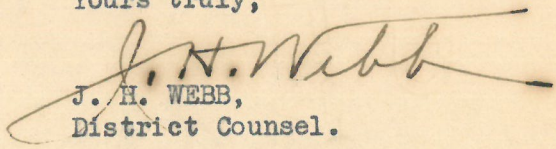
Mobile, Alabama,  
July 14th, 1934.

Mr. E. B. Gaston,  
Fairhope, Alabama.

Dear Mr. Gaston:-

Enclosed find copy of letter just received from Mr.  
Burton, which is encouraging.

Yours truly,

  
J. H. WEBB,  
District Counsel.

JHW/k.  
Encl.



HOME OWNERS' LOAN CORPORATION

WASHINGTON

DISTRICT OFFICE

ALABAMA AGENCY

MOBILE

Bay Minette, Alabama,  
July 20, 1934.

Mr. E.B. Gaston,  
Fairhope, Alabama.

Dear Mr. Gaston:

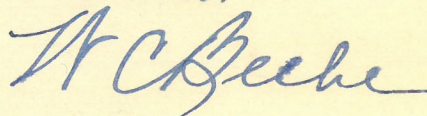
I have your letter of the 20th, enclosing copy of Mr. McConnel's letter to you.

I regret that I was out yesterday afternoon when you called. I did not get back until after ten o'clock last night. I advised the telephon office this morning that I was ready to talk to Fairhope and they advised me that you were not in your office, and that they would call later.

I am glad that you sent a copy of the letter to Mr. J. H. Webb. I am sure that he has by now gotten in touch with Mr. Burton in Birmingham.

I am sending a copy of Mr. McConnel's letter to Mr. Burton, and am advising Mr. Webb of this fact.

Yours very truly,



WCB/y

c/c Mr. J.H. Webb,  
District Attorney,  
Home Owners' Loan Corp.,  
Mobile, Alabama.



*Day letter*

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W. G. McCONNEL  
ENGINEER  
FAIRHOPE, ALABAMA

*July 30*  
*about 10 A. M.*

Am <sup>etel</sup> informed that legal technicalities holding up loans to distressed Fairhope home owners regardless of amendment you so kindly had passed by congress STOP Would it be too much to ask you to telegraph Mr. Russell general counsel HOLC. Washington asking that Fairhope loans be approved in accordance with your amendment to the original act, *matter supposed to be up before HOLC board Wednesday*

Answer from Senator Black same evening "Have wired Mr. Russell, general counsel. Regards, Hugo Black."



## CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable sign above or preceding the address.

# WESTERN UNION

R. B. WHITE  
PRESIDENT

NEWCOMB CARLTON  
CHAIRMAN OF THE BOARD

J. C. WILLEVER  
FIRST VICE-PRESIDENT

## SIGNS

DL = Day Letter

NM = Night Message

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**Received at 64 North Royal St., Mobile, Alabama** Always Open 1934 JUL 31 PM 6 27

QB589 7 GOVT=BIRMINGHAM ALA 31 NTF=

E G GASTON=

=FAIRHOPE ALA=

HAVE WIRED RUSSELL GENERAL COUNSEL STOP REGARDS=

HUGO L BLACK.

## MINUTES IN TRANSIT

FULL-RATE

DAY LETTER

No. 4D To Adse  
By W-648 Mailed  
7/26/34